



## **Conference Report to accompany H.R. 1585 – National Defense Authorization Act for FY2008**

### **EXECUTIVE SUMMARY**

Chairman Ike Skelton (D-MO) introduced the National Defense Authorization Act for FY2008 (H.R. 1585) on March 20, 2007. The House Committee on Armed Services approved H.R. 1585, as amended, by a vote of 58 to 0 on May 9, 2007. The bill was considered on the floor under a structured rule on May 16-17, 2007, and approved by a vote of 397-27. The conference report for H.R. 1585 is expected to be considered on the floor on December 12, 2007.

H.R. 1585 would authorize funding for national defense programs for FY2008, including authorization for military operations in Iraq and Afghanistan. It also lays out the policy framework for the Pentagon for the coming year. The Armed Services Committee approved \$648.6 billion in overall budget authority, including \$503.8 billion for DOD's base budget and \$141.6 billion for ongoing military operations. The President requested \$647.2 billion in overall budget authority for national security programs. This conference report authorizes \$506.9 billion for the Department of Defense and the defense programs of the Department of Energy and an additional \$189.4 billion for operations in Iraq and Afghanistan.

The Ranking Member of the Armed Services Committee, Rep. Duncan Hunter (R-CA), signed the conference report.

### **FLOOR SITUATION**

The Conference Report to accompany H.R. 1585 is being considered on the floor under a closed rule. The Rule:

- Provides for consideration of the conference report to accompany H.R. 1585.
- Waives all points of order against the conference report and its consideration.
- Provides that the conferees on H.R. 3093 are hereby discharged and that the conference and its accompanying papers are hereby tabled.

The bill was introduced by Representative Ike Skelton (D-MO) on March 20, 2007. The House passed the bill by a vote of 397 to 27 (Roll Call Vote 373) on May 17, 2007. The Senate passed the bill (with an amendment) by a vote of 92 to 3 on October 1, 2007.

The conference report is expected to be considered on the floor on December 13, 2007.

*\*Note: In the 109th Congress, the House approved the Defense Authorization (H.R. 5122) on May 11, 2006 by a vote of 396 to 31. The President signed it into law (P.L 109-364) on October 17, 2006.*

## **BACKGROUND**

In February, the President requested \$647.2 billion in new budget authority for national defense for FY2008 as part of his annual budget request. This request included \$483.2 billion for DOD's base operations, \$141.7 billion for continued military operations, \$17.4 billion for defense-related activities at the Department of Energy (primarily nuclear-related), and \$5.2 billion for the defense-related programs of other agencies.

H.R. 1585 would authorize funding for national defense programs in FY2008, including authorization for military operations in Iraq and Afghanistan. It also lays out the policy framework for the Pentagon for the coming year. The Armed Services Committee approved \$648.6 billion in overall budget authority, including \$503.8 billion for DOD's base budget and \$141.6 billion for ongoing military operations.

*\*EDITORIAL NOTE: the conference report top numbers are \$506.9 billion for the base and \$189.4 billion for combat operations. The supplemental number is higher because of the amended request that the administration sent over this fall.*

## **SUMMARY**

### **Procurement**

The conference report authorizes appropriations for the Army for \$99.3 billion total, including:

- Aircraft: \$4.2 billion
- Missiles: \$2.0 billion
- Weapons and tracked combat vehicles: \$3 billion
- Ammunition: \$2.2 billion
- Other procurement: \$12.5 billion
- Joint Improvised Explosive Device Defeat Fund: \$228 million

The conference report authorizes appropriations for the Navy:

- Aircraft: \$12.4 billion
- Weapons: \$3.1 billion
- Shipbuilding and conversion: \$13.6 billion
- Other procurement: \$5.2 billion

The conference report authorizes appropriations for procurement for the Marine Corps for \$2.3 billion total.

The conference report authorizes appropriations for the Air Force for \$33.354 billion total, including:

- Aircraft: \$12.1 billion
- Ammunition: \$854.2 million
- Missiles: \$5.0 billion
- Other procurement: \$15.4 billion

The conference report authorizes appropriations for Defense-wide procurement for \$3.3 billion total.

The conference report authorizes appropriations for National Guard and Reserve Equipment for \$980 million total.

### **Army Programs**

This section provides for multiyear procurement authority for:

- M2A3 Bradley Fighting vehicles, and related vehicles
- Conversion of CH-47D Helicopters to CH-47F configuration
- CH-47F Helicopters

The conference report requires that funds made available may not be used to commence, continue, or complete the closure of the production line for the Army Tactical Missile System program upon the submission of a report by Secretary of the Army containing his certification.

### **Navy Programs**

The conference report requires a report on the number of H2B visas employed by major shipyards.

### **Air Force Programs**

The conference report removes a provision that would permit the Secretary of the Air Force to retire the C-5A aircraft from service and replace them with C-17 aircraft.

The conference report allows for the retirement of 48 KC-135E aircraft in Fiscal Year 2008 as well 24 C-130EIH aircraft during fiscal year 2008 (with conditions).

### **Research, Development, Test, and Evaluation**

The conference report authorizes appropriations of \$73.727 billion to the Department of Defense.

- Army: \$10.8 billion
- Navy: \$17 billion
- Air Force: \$25.7 billion
- Defense-Wide: \$20 billion

The conference report authorizes \$3.4 billion total for the Future Combat Systems program, which is \$226 million less than the President's request. The Secretary of the Army, in cooperation with the

Director of Operational Test and Evaluation, must complete an operational test and evaluation of the FCS network in a realistic environment simulating operational conditions.

### **Ballistic Missile Defense**

The conference report authorizes \$9.8 billion for ballistic missile defense programs (Missile Defense Agency and Army programs). This funding is critical for enabling our military to develop and field a robust, layered ballistic missile defense system.

The conference report includes \$513.8 million for the airborne laser boost-phase missile defense technology demonstration program.

The conference report includes \$65 million for Sea-based Aegis Ballistic Missile Defense.

The conference report requires the Director of the Missile Defense Agency to report to the Director of Operational Test and Evaluation the results of all operational test and evaluation data.

The conference report allows that funds to be appropriated for research, development, test, and evaluation for the Missile Defense Agency may be used for the development and fielding of ballistic missile defense capabilities, but may not be used for operations and support activities. The bill requires the Secretary of Defense to submit a study with one of the Federally Funded Research and Development Centers to examine, and make recommendations regarding the long-term structure, roles, acquisition, and missions of the Missile Defense Agency.

The conference report extends the requirement for the Comptroller General to provide a review of the achieved goals established for each missile defense program of the Department of Defense to fiscal year 2013.

The conference report prohibits the deployment of proposed European deployment until the following is met: (1) Poland and the Czech Republic provide bilateral approval of bilateral missile defense deployment and (2) 45 days have passed since Congress receives a report if options for missile defense in Europe.

### **Operation and Maintenance**

The conference report authorizes appropriations of \$142.8 billion to the Department of Defense for operation and maintenance (including funding for environmental restoration), specifically:

- Army: \$28.8 billion
- Navy: \$33.4 billion
- Marine Corps: \$5.0 billion
- Air Force: \$33.1 billion
- Defense-wide: \$22.5 billion
- Army Reserve: \$2.5 billion
- Navy Reserve: \$1.2 billion
- Marine Corps Reserve: \$208.6 million
- Air Force Reserve: \$2.8 billion

- Army National Guard: \$5.9 billion
- Air National Guard: \$5.5 billion

**National Guard Readiness Assessment:** The conference report requires routine reporting to include an assessment of the readiness of the National Guard to perform tasks required to support the National Response Plan for support to civil authorities, such as major disasters.

**Readiness of Active Duty and Reserve Forces:** The conference report requires the Secretary of Defense to submit a report to Congress on improving the readiness of the active and reserve components of the ground forces of the United States Armed Forces.

### **Military Personnel Authorizations**

The conference report authorizes Armed Forces strengths for active duty personnel as of September 30, 2008, as follows:

- The Army, 525,400
- The Navy, 329,098
- The Marine Corps, 189,000
- The Air Force, 329,563

The conference report also sets new minimum active duty end strengths of the Armed Forces as of September 30, 2008, as follows:

- For the Army, 525,400
- For the Navy, 328,400
- For the Marine Corps, 189,000
- For the Air Force, 328,600

**Active Duty Personnel:** The conference report allows for an increase in active Army personnel by 22,000 and 13,000 for the Marine Corps beyond the FY2008 appropriations. The additional increase can be used to support operational missions and to achieve transformational reorganization objectives.

**Army Officers:** The conference report authorizes the increase in the number of Army officers that can serve in the grade of major by 2,850 (an increase from 13,300 to 16,150).

**Navy Officers:** The conference report authorizes the increase in the number of Navy officers that can serve in the grades of lieutenant commander (480), commander (300), and captain (130).

**Reserve Forces:** The Armed Forces are authorized strengths for Selected Reserve personnel of the reserve company as of September 30, 2008, as follows:

- The Army National Guard of the United States, 351,300
- The Army Reserve, 205,000
- The Navy Reserve, 67,800
- The Marine Corps Reserve, 39,600

- The Air National Guard of the United States, 106,700
- The Air Force Reserve, 67,500
- The Coast Guard Reserve, 10,000

**Reserve Forces on Active Duty:** The conference report authorizes the following maximum number of reserve component personnel who may be on active duty or full-time national guard duty during the fiscal year 2008 to provide operational support:

- The Army National Guard of the United States, 17,000
- The Army Reserve, 13,000
- The Navy Reserve, 6,200
- The Marine Corps Reserve, 3,000
- The Air National Guard of the United States, 16,000
- The Air Force Reserve, 14,000

### **Military Personnel Policy**

**Reserve Component:** The Secretary of Defense is authorized to establish a working group within the Department of Defense to identify and assess the needs of members of the reserve components returning from deployment in making the transition to civilian life, including members that have experienced multiple recent deployments and members who have been wounded or injured during deployment.

**Yellow Ribbon Reintegration Program:** The conference report authorizes the Secretary of Defense to create the Yellow Ribbon Reintegration program, which will hold informational events and activities for reserve component members, their families, and community members through the 4 phases of deployment: pre-deployment, deployment, demobilization, and post-deployment-reconstitution. Additionally, this provision would create state deployment cycle support teams to administer the commission on the state level.

### **Refugees**

**Processing Priorities:** The conference report includes Iraqis that were employed by the United States, employed by U.S. media organizations, or members of religious minorities as refugees of special humanitarian concerns.

**Senior Coordinator for Refugees:** The conference report establishes a senior coordinator for Iraqi refugees and internally displaced persons.

### **Compensation and Other Personnel Benefits**

**Pay and Allowances:** The conference report provides a 3.5% pay raise for all members of the armed forces in 2008. The bill also guarantees pay raises for all components of the Army, Navy, Air Force, and Marine Corps in 2009, 2010, 2011, and 2012 to reduce the military-civilian pay disparity.

**Bonuses and Special and Incentive Pays:** The conference report authorizes the extension of certain bonuses through December 31, 2008. This subtitle also provides for other bonuses relating to certain positions and officers.

**Retired Pay and Survivor Benefits:** The conference report provides a stipend to partially compensate people for the SBP-DIC offset and begins providing combat-related special compensation to all service members eligible for retirement pay who have a service-connected disability.

**Consolidation of Special Pay, Incentive Pay, and Bonus Authorities:** The conference report consolidates over 60 incentive pays into 8 categories:

- Bonuses for enlisted members;
- Bonuses for officers;
- Bonuses and incentive pay for nuclear officers;
- Bonuses and incentive pay for aviation officers;
- Bonuses and incentive pay for officers in health professions;
- Hazardous duty pays;
- Assignment pays and special duty pays; and,
- Skill incentive pays and proficiency bonuses.

### **Health Care Provisions**

TRICARE is the Department of Defense's health care program for members of the uniformed services, their families, survivors, and retirees.

**Increase Prohibitions:** The conference report extends the prohibitions enacted last year on increases to TRICARE Prime and TRICARE Standard as well as on retail pharmacy cost share increases.

**Job Conversion:** The conference report prohibits the transfer or conversion of jobs performed by military medical or dental personnel to civilian personnel.

**TRICARE Expansion:** The conference report expands TRICARE coverage for service members to include licensed or certified mental health counselors and their services.

**Civilian Healthcare Coverage for Reserves:** The conference report authorizes the Secretary of Defense to pay a stipend to a member of the reserves who is ordered to active duty for purposes of maintaining civilian health care coverage for a dependant with a special health care need that is best met by the member's civilian health care plan.

### **Acquisition Policy, Acquisition Management, and Related Matters**

**Lead System Integrator Functions:** The conference report prohibits the Department of Defense from awarding new contracts for lead system integrator functions to anyone not performing these functions prior to October 1, 2010.

The conference report requires the Secretary of Defense to comply with the Arms Export Control Act (section 2751 title 22, U.S.C.) and develop a contract clause to enforce it.

**Comptroller General Review of Contracts:** The conference report requires the GAO to review contracts in Iraq and Afghanistan every 6 months.

**Commission on Wartime Contracting:** The conference report establishes a Commission on Wartime Contracting to review federal contracting in Iraq and Afghanistan.

The conference report establishes a Commercial Information Technology Identification Demonstration Project to help the Department better identify and utilize commercial information technology as well as government information technology to meet military requirements.

### **DOD Organization and Management**

**Space Protection Policy and Strategy:** The conference report requires the Secretary of Defense to develop a Space Protection Strategy that details the vulnerabilities of our space-based military capabilities, lays out a comprehensive strategy for improving space capabilities, and evaluates the DOD acquisition, programming, and budgeting processes.

**Foreign Language Proficiency:** The conference report requires the Secretary of Defense to submit an annual report assessing DOD's foreign language proficiency.

**Roles and Missions:** The conference report requires the Secretary of Defense to organize the Department of Defense into core mission areas and directs identification of the core competencies of each of the military departments to fulfill such core mission areas after receiving assessments of roles and missions from the Chairman of the Joint Chiefs of Staff. Reorganizes and assigns additional responsibilities to the Joint Requirements Oversight Council to insure defense requirements and acquisition processes align with core mission areas and core competencies.

**Report on the Impact of Climate Change on DOD:** The conference report requires the National Security Strategy and the Quadrennial Defense Review to evaluate the impact of climate change on U.S. national security as well as U.S. military readiness and infrastructure.

### **General Provisions**

**U.S. Contribution to NATO:** The conference report authorizes \$366 million for NATO.

**Congressional Commission on the Strategic Posture of the U.S.:** The conference report establishes a congressionally-appointed, bipartisan commission to re-evaluate U.S. nuclear weapons policy with regards to the U.S. strategic posture, including non-nuclear alternatives. It also authorizes \$5 million to fund the Commission's activities.

**Prohibition of F-14 Sales:** The conference report prohibits the sale of F-14 aircraft, parts, and tooling and dies used in F-14 manufacture, except for sales to museums for historical purposes.

**Iraq and Afghanistan:** The conference report authorizes the additional supplemental funding for Fiscal Year 2007 that were enacted in PL 110-28.

**Space-based Nuclear Detection Capabilities:** DOD shall maintain space-based nuclear detection capabilities at a minimum of its current level when planning future national space systems.

**Sense of Congress regarding Guantanamo Bay:** Congress believes that 1) the detainees at Gitmo should be charged and prosecuted as soon as possible; 2) the international community should work with DOD to repatriate detainees approved for release; and 3) operations at Gitmo should be conducted in a manner consistent with American values and national interest.

**Nuclear Posture Review:** The conference report requires a nuclear posture review for the next 5 to 10 years.

### **Civilian Personnel**

**Modifications to the National Security Personnel System:** The conference report would restore collective bargaining rights to the employees of the Department of Defense, while preserving DOD's ability to implement a pay-for-performance system.

**Death Gratuity:** The conference report provides up to \$100,000 to the families of civilian employees at the Department of Defense that are killed in a combat area.

### **Matters Relating to Foreign Nations (Iraq and Afghanistan)**

**Special Operations Command:** The conference report extends through fiscal year 2010 authority for Special Operations Command to provide up to \$25 million each year to support foreign forces, irregular forces, groups or individuals who support or facilitate operations by special operations forces to combat terrorism.

**Special Inspector General for Iraq Reconstruction:** The bill grants the Inspector General for Iraq Reconstruction greater jurisdiction over the Iraq funding and extends this authority to fiscal year 2007 and beyond.

**Bans Permanent Military Installations in Iraq and U.S. Control of Iraqi Oil:** The conference report extends the prohibition on the establishment of permanent military installations in Iraq and on U.S. control over oil resources in Iraq for Fiscal Year 2008.

**Reporting Requirements on Progress in Iraq:** While the bill does not include a timetable for withdrawal from Iraq, it does contain numerous reporting requirements on Iraq.

**Special Inspector General for Afghanistan Reconstruction:** The conference report creates an Inspector General position to provide audit oversight of Afghanistan reconstruction programs and operations.

**Reporting Requirement for Iran:** The conference report requires the Secretary to report to the Congress on Iran's support of anti-coalition forces, Iran's strategy in Iraq, and the U.S. strategy to counter Iran in Iraq.

**Reporting Requirements on Afghanistan:** The conference report requires reports on the progress toward a secure and stable Afghanistan and the safety and security of the border region with Pakistan.

**Reward:** The conference report authorizes \$50 million for the capture, death or information leading to the capture of Osama Bin Laden. Additionally, a report every 90 days is required on the progress of capturing or killing Osama Bin Laden.

### **Cooperative Threat Reduction**

**Cooperative Threat Reduction Program:** The conference report would authorize \$428 million for the Cooperative Threat Reduction (CTR) program in FY2008, an increase of \$80 million over the President's request. CTR funding was authorized at \$415.5 million in FY2006 and \$372.3 million in FY2007.

When DOD began this program in the early 1990's, it focused on assisting Russia, Ukraine, Belarus, and Kazakhstan with the safe transportation, storage, and dismantlement of nuclear weapons. The program has since evolved to include efforts to encourage transparency and support military cooperation to prevent proliferation.

The bill expands the scope of programs for which CTR funding can be used. It also authorizes \$10 million for the development of new CTR initiatives and requires DOD to submit a strategy for these initiatives.

### **Other Authorizations**

- Defense Health Program: \$23.1 billion
- Drug Interdiction and Counter Drug Activities: \$938 million
- Office of the Inspector General: \$226 million
- Chemical Agents and Munitions Destruction: \$1.5 billion
- Revolving and Management Funds: \$2.7 billion

### **Wounded Warrior Assistance**

This title improves the management of medical care, personnel actions, and quality of life issues for members of the Armed Services.

**Resource Center:** The conference report establishes a wounded warrior resource center to provide wounded warriors, their families, and primary physicians with a single point for healthcare assistance

and for reporting difficulties with healthcare service. It also creates a toll-free hotline, maintained by the Secretary of Defense, to collect, maintain, and update information regarding possible deficiencies in the adequacy, quality, and state of repair of medical-related support facilities.

**Comprehensive Policy:** The conference report requires the Secretaries of Veterans Affairs and Defense to develop and implement a comprehensive policy by July 2008 to improve the care, management, and transition of injured service members, including minimum standards health care access and maximum workloads for staff caring for these service members.

**Electronic Health Record System:** The conference report requires the Departments of Veterans Affairs and Defense to work together to develop and implement an electronic health record system or a interoperable system that allows immediate exchange of health care information.

**Disability Severance Pay:** The conference report increases disability severance pay, with a minimum of 12 month's basic pay (from 6) and a maximum of 38 month's basic pay (from 24), for service members for disability incurred in combat.

*\*Note: This provision was not included in the House-passed version of the bill.*

**Former Service Members:** The conference report authorizes the Department of Defense to provide former service members with severe injury or illness the same medical and dental care as active duty men and women if it is not available from the VA.

*\*Note: This provision was not included in the House-passed version of the bill.*

**Congressional Notification:** The conference report requires that if a service member is evacuated from a theater of combat and hospitalized, the Secretary must inform the appropriate Members of Congress.

**Transition Plan:** The conference report requires a transition plan for all service members who are medically separating or retiring that must include information and guidance designed to assist the service member in understanding and meeting the schedule and milestones for the service member's transition. A member is required to receive this plan before their retirement or separation.

*\*Note: The House of Representatives passed the Wounded Warriors Assistance Act of 2007, H.R. 1538, by a recorded vote of 426 - 0 (Roll no. 208), on March 28, 2007. For additional information on this title, please see the Legislative Digest on H.R. 1538. The Senate passed its version of H.R. 1538, the Dignified Treatment of Wounded Warriors Act of 2007, by unanimous consent on July 25, 2007.*

### **Funding Authority for ongoing Military Operations**

The conference report would authorize \$189.4 billion for ongoing military operations, primarily those associated with operations in Afghanistan and Iraq. It also recommends increasing the active component end strength by 13,000 for the Army and 9,000 for the Marine Corps.

**MRAP Vehicles:** The conference report authorizes \$17.6 billion for the procurement of mine resistant ambush protected (MRAP) vehicles.

Additional funding highlights (funding in millions):

	Procurement	RDT&E	O&M
Army	\$43,010	\$183	\$54,930
Navy & Marines	\$12,227	\$696	\$10,923
Air Force	\$10,463	\$1,458	\$10,798

Additional Programs of Note	Auth. Level (funding in millions)
Iraq Freedom Fund	\$207.5
Iraq Security Forces Fund	\$3,000
Afghanistan Security Forces Fund	\$2,700
Military Personnel	\$17,913

### **National Guard**

**Retirement Age:** The conference report requires reserve officers that are major general or rear admiral (or above) to retire at age 64, unless a waiver to 66 or 68 is provided.

**Joint Chiefs of Staff:** The conference report makes the National Guard a joint activity of DOD with representation on the Joint Chiefs of Staff.

### **Defense Readiness Production Board**

**Defense Readiness Production Board:** The conference report establishes a Defense Readiness Production Board to monitor and assess the readiness of the armed forces and designate critical readiness requirements.

**Strategic Readiness Fund:** The conference report authorizes \$1 billion for critical readiness requirements identified by the Board.

### **Military Construction**

**Authorizing Funding for Military Construction:** The conference report authorizes \$10.3 billion for military construction, \$8.3 billion for BRAC activities, and \$2.9 billion for family housing in FY2008.

### **Department of Energy National Security-related Activities**

**Funding Authorization:** The conference report provides authorization for \$16.1 billion for atomic energy defense activities. Specifically, this authorization includes \$9.6 billion for the National Nuclear Security Administration and \$5.4 billion for environmental and other defense activities.

### **War Related Military Construction**

- Army: \$1.26 billion
- Navy: \$198.8 million
- Air Force: \$258.7 million
- Defense Agencies: \$27.6 million

## **COST**

There was no Congressional Budget Office Estimate for the Conference Report at the time of this publication. In June, the CBO estimated that appropriation of the amounts authorized by the House-passed version of H.R. 1585 would result in additional outlays of \$632 billion from 2008-2012. ([CBO Estimate, 6/12/07](#))

## **STAFF CONTACT**

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